

D.C. Lottery and Charitable Games Control Board

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Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$241,562,198	\$247,000,000	\$251,000,000	1.6
FTEs	83.6	91.5	77.0	-15.8

The mission of the D.C. Lottery and Charitable Games Control Board (DCLB) is to provide lottery operations and charitable gaming regulatory oversight services for the District of Columbia so that the District can receive a dependable source of revenue and protect its citizens from fraud and deception in charitable gaming.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Increase revenues to address estimated expenditures and to meet the targeted transfer amount to the District's General Fund.
- Promote current games and develop new games or redesign current games to maintain and expand market share.
- Expand the agent base into targeted social settings and under-represented geographical segments of the District.

Gross Funds

The proposed gross funds budget is \$251,000,000, an increase of \$4,000,000 or 1.6 percent, over the FY 2005 approved budget of \$247,000,000. The budget supports 77 FTEs, a decrease of 14.5 FTEs, or 15.8 percent from the FY 2005 approved budget.

General Fund

Special Purpose Revenue Funds. The proposed budget is \$251,000,000, an increase of \$4,000,000 or 1.6 percent, over the FY 2005 approved budget of \$247,000,000. The budget supports 77 FTEs, a decrease of 14.5 FTEs, or 15.8 percent from the FY 2005 approved budget.

Changes from the FY 2005 approved budget are:

- An increase in lottery games participation including prizes, commissions for retail agents, and transfers to the District's General Fund totaling \$2,402,925.
- An increase for the production, warehouse and distribution of Instant Game tickets and certain shared costs totaling approximately \$3,251,017.

Funding by Source

Tables DC0-1 and 2 show the sources of funding and FTEs by fund type for the D.C. Lottery and Charitable Games Control Board.

Table DC0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Special Purpose Revenue Fund	0	2	0	0	0	0.0
Special Purpose Revenue Funds	166,185	241,561	247,000	251,000	4,000	1.6
Total for General Fund	166,185	241,562	247,000	251,000	4,000	1.6
Gross Funds	166,185	241,562	247,000	251,000	4,000	1.6

Table DC0-2

FY 2006 Full-Time Equivalent Employment Levels

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
General Fund						
Special Purpose Revenue Fund	92	83.6	92	77	-15	-15.8
Total for General Fund	92	83.6	92	77	-15	-15.8
Total Proposed FTEs	92	83.6	92	77	-15	-15.8

Expenditure by Comptroller Source Group

Table DC0-3 shows the FY 2006 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table DC0-3

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

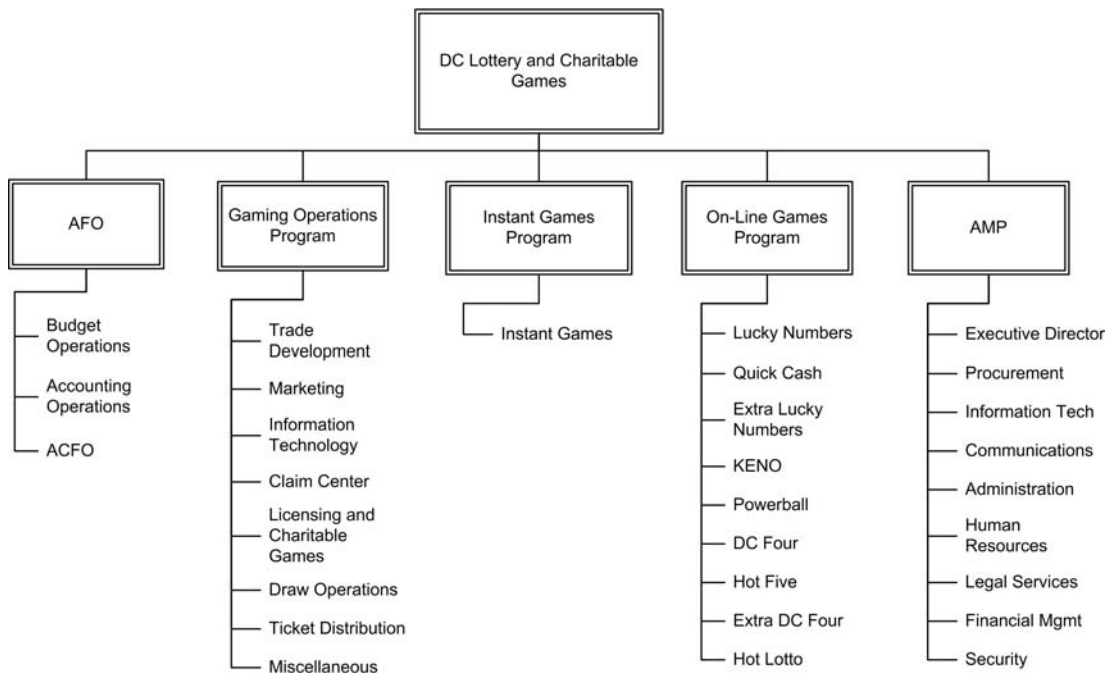
Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
11 Regular Pay - Cont Full Time	5,257	5,810	5,659	5,245	-415	-7.3
12 Regular Pay - Other	45	127	66	78	12	17.6
13 Additional Gross Pay	37	151	85	25	-60	-70.7
14 Fringe Benefits - Curr Personnel	898	982	973	878	-95	-9.8
15 Overtime Pay	107	133	0	93	93	100.0
Subtotal Personal Services (PS)	6,344	7,203	6,784	6,319	-465	-6.9
20 Supplies and Materials	96	123	172	178	6	3.3
30 Energy, Comm. and Bldg Rentals	15	27	34	42	8	23.0
31 Telephone, Telegraph, Telegram, Etc	1,326	1,179	1,593	1,309	-284	-17.8
32 Rentals - Land and Structures	1,202	1,264	1,309	1,266	-43	-3.3
33 Janitorial Services	0	1	0	5	5	100.0
34 Security Services	0	0	0	8	8	100.0
35 Occupancy Fixed Costs	0	0	10	10	0	0.0
40 Other Services and Charges	15,011	16,168	16,485	19,736	3,251	19.7
41 Contractual Services - Other	3,167	4,232	4,382	3,276	-1,106	-25.2
50 Subsidies and Transfers	138,264	210,826	215,594	217,997	2,403	1.1
70 Equipment & Equipment Rental	761	539	636	855	219	34.3
Subtotal Nonpersonal Services (NPS)	159,841	234,359	240,216	244,681	4,465	1.9
Total Proposed Operating Budget	166,185	241,562	247,000	251,000	4,000	1.6

Expenditures by Program

D.C. Lottery and Charitable Games Control Board has the following program structure:

Figure DC0-1

D.C. Lottery and Charitable Games Control Board



- A net increase of \$224,254 in equipment and supply costs.
- A decrease of \$1,106,275 in contractual services.
- A decrease of \$465,335 in personal services primarily due to a reorganization of the agency resulting in a reduction of FTEs.
- A net decrease of \$306,586 in fixed costs.

Programs

The D.C. Lottery and Charitable Games Control Board is committed to the following programs:

Game Administration

	FY 2005	FY 2006
Budget	\$3,689,860	\$3,818,111
FTEs	46.5	42.0

Program Description

The **Game Administration** program supports the Citywide Strategic Priority area of *Making Government Work*. The purpose of this program is to provide lottery support services to lottery retail agents, the gaming public and the government of the District of Columbia so that they can benefit from the portfolio of games offered by DCLB.

This program has six activities:

- **Marketing** - provides advertising and pro-

motional information to eligible players. The goals are for eligible players to purchase lottery tickets and to make themselves available to the entertainment value offered by the DCLB.

- **Sales Department** - provides sales goals and retail development services to Lottery Retail Agents. The goals are for Lottery Retail Agents to reach minimum sales volumes and achieve sustainable growth.
- **Draw Division** - provides draw services to the gaming public. The goals are to ensure unbiased and random draws.
- **Licensing and Charitable Games** - provides licensing and regulatory compliance services to existing and prospective lottery retail agents and non-profit charitable organizations. The goals are for agents and non-profit charitable agents to receive licenses to sell lottery products and conduct charitable gaming activities in accordance with the laws and regulations set forth by the District.
- **Information Technology** - provides technical coordination and oversight services to lottery retail agents, customers and internal DCLB operations. The goals are for retail agents, customers and internal operations to deliver, play and provide an uncompromised portfolio of lottery products.
- **Claim Center** - provides claims processing and gaming information services to the gaming public. The goals are for the public to redeem prizes and enjoy a positive gaming experience.

Program Budget Summary

The proposed **Game Administration** program gross funds budget is \$3,818,111, an increase of \$128,251, or 3.5 percent over the FY 2005 approved budget of \$3,689,860. This budget supports 42 FTEs, a decrease of 4.5 FTEs from the FY 2005 approved level.

Significant changes from the FY 2005 approved budget include:

- A net increase of \$68,693 in personal services costs for mandatory step increases and restructuring of the program resulting in higher salary and fringe benefit costs.

- A net increase of \$59,558 in nonpersonal services costs including an increase of \$33,347 in telecommunication costs, \$39,507 in other services and charges, and \$2,710 in supplies and materials.
- A decrease of \$11,500 in contractual services and \$5,500 in equipment costs.

Key Result Measures

Program 1: Game Administration

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Kevin Johnson; William Parson; Erich Coleman; William Robinson

Supervisor(s): Jeanette A. Michael, Executive Director; Jeffrey Young, Chief Operating Officer

Measure 1.1: Percent change in lottery tickets sold

	Fiscal Year		
	2005	2006	2007
Target	2	3	3
Actual	-	-	-

Note: Measure wording changed at request of agency (5/04).

Measure 1.2: Percent of eligible agents who achieve year-over-year target level growth

	Fiscal Year		
	2005	2006	2007
Target	95	95	95
Actual	-	-	-

Note: Measure wording changed at request of agency (5/04). FY 2005-2007 targets corrected from 5% at agency request (2/24/05)

Instant Games

	FY 2005	FY 2006
Budget	\$37,294,295	\$40,745,770
FTEs	0.0	0.0

Program Description

The **Instant Games** program primarily supports the Citywide Strategic Priority area of *Making Government Work*. The purpose of this program is to provide a portfolio of instant lottery games to the gaming public so that they can experience the entertainment value and potential reward of playing and winning. This program is comprised solely of the Instant Games activity.

- **Instant Games** - provides scratch-off style lottery tickets for purchase by eligible players. The goals are for eligible players to purchase the tickets and to avail themselves of the entertainment value offered by DCLB.

Program Budget Summary

The proposed **Instant Games** program budget is \$40,745,770, an increase of \$3,451,475, or 9.3 percent over the FY 2005 approved budget of \$37,294,295. This budget supports no FTEs, unchanged from the FY 2005 approved level.

Significant changes from the FY 2005 approved budget include:

- A net expenditure increase of \$3,451,475 reflecting increases primarily in the game's prizes and commissions. The increase also includes additional transfer to the District's general fund.

Key Result Measures

Program 2: Instant Games

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Kevin Johnson; William Parson

Supervisor(s): Jeanette A. Michael, Executive Director; Jeffrey Young, Chief Operating Officer

Measure 2.1: Percentage of transfer target met

	Fiscal Year		
	2005	2006	2007
Target	100	100	100
Actual	-	-	-

Note: FY 2005-2007 targets modified from 15 to 100.

Online Games

	FY 2005	FY 2006
Budget	\$200,050,430	\$199,935,230
FTEs	0.0	0.0

Program Description

The **Online Games** program primarily supports the Citywide Strategic Priority area of *Making Government Work*. The purpose of this program is to provide on-line lottery services to the gam-

ing public so that the District can experience a steady source of revenue from the transfer of net proceeds from lottery sales.

This program has 8 activities:

- **The Lucky Numbers, DC Four, Hot Five, PowerBall, Lotto 6, KENO and Hot Lotto Games, and Miscellaneous** income - provide lottery opportunities to the gaming public so that they can experience the entertainment value and potential reward of playing and winning lottery games.

Significant changes from the FY 2005 approved budget include:

- A net decrease of \$115,200 reflects discontinuation of the Quick Cash game activity, partially by the addition of the Lotto 6 game activity and anticipated increases in prize winnings, commissions payments, and telecommunication savings.

Program Budget Summary

The proposed **Online Games** program gross funds budget is \$199,935,230, a decrease of \$115,200, or 0.1 percent from the FY 2005 approved budget of \$200,050,430. This budget supports no FTEs, unchanged from the FY 2005 approved level.

Key Result Measures

Program 3: On-Line Gaming Operations

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Kevin Johnson; William Parson; Erich Coleman

Supervisor(s): Jeanette A. Michael, Executive Director; Jeffrey Young, Chief Operating Officer

Measure 3.1: On-line games - percent of transfer target met

	Fiscal Year		
	2005	2006	2007
Target	100	100	100
Actual	-	-	-

Agency Management

	FY 2005	FY 2006
Budget	\$4,786,402	\$5,629,449
FTEs	30.0	25.0

Program Description

The **Agency Management** program provides operational support and the required tools to achieve operational and programmatic results. This program is standard for all Performance-Based Budgeting agencies. More information about the Agency Management program can be found in the Strategic Budgeting chapter.

Program Budget Summary

The proposed **Agency Management** program gross funds budget is \$5,629,449, an increase of \$843,047, or 17.6 percent over the FY 2005 approved budget of \$4,786,402. This change reflects an increase of \$1,095,962 due to the centralization of certain fixed costs from other programs to more accurately report agency-wide expenditures and an increase in certain contractual costs. This amount was partially offset by a decrease of \$252,915 in personal services costs due to a reduction in agency positions. The gross budget supports 25 FTEs, a decrease of 5 FTEs from the FY 2005 approved level.

Key Result Measures

Program 4: Agency Management

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Carol Jackson Jones; Kevin Johnson; William Parson; Erich Coleman; William Robinson

Supervisor(s): Jeanette A. Michael, Executive Director; Jeffrey Young, Chief Operating Officer

Measure 4.1: Percent variance of estimate to actual expenditure (over/under)

	Fiscal Year		
	2005	2006	2007
Target	5	5	5
Actual	-	-	-

Measure 4.2: Cost of Risk

	Fiscal Year		
	2005	2006	2007
Target	N/A	N/A	N/A
Actual	-	-	-

Note: This measure replaces "Percent reduction of employee lost work-day injury cases." Cost of Risk will be a comprehensive measure of a wide range of risks confronting each agency, including but not limited to safety issues, financial risks, and potential litigation. Agencies will establish a baseline in FY 2004 (FY 2005 for PBB III agencies) and will seek to achieve reductions in the Cost-of-Risk in subsequent years. Lost workdays due to injuries will be one of many components of the Cost-of-Risk formula (1/9/04).

Measure 4.3: Percent of the Mayor's Customer Service Standards met

	Fiscal Year		
	2005	2006	2007
Target	63	63	63
Actual	-	-	-

Measure 4.4: Percent of Key Result Measures achieved

	Fiscal Year		
	2005	2006	2007
Target	70	70	70
Actual	-	-	-

Agency Financial Operations

	FY 2005	FY 2006
Budget	\$1,179,043	\$871,440
FTEs	15.0	10.0

Program Description

The purpose of the **Agency Financial Operations** program is to provide comprehensive and efficient financial management services to and on behalf of District agencies so that the financial integrity of the District of Columbia is maintained. More information about the Agency Financial Operations program can be found in the Strategic Budgeting Chapter.

Program Budget Summary

The proposed **Agency Financial Operations** program gross funds budget is \$871,440, a decrease of \$307,573 or 26.1 percent from the FY 2005 approved budget of \$1,179,043. This decrease reflects the centralization of certain fixed costs to more accurately report agency-wide expenditures and a decrease in personal services

costs due to a reduction in agency positions. The gross budget supports 10 FTEs, a decrease of 5 FTEs from the FY 2005 approved level.

For more detailed information regarding the proposed funding for the activities within this agency's programs, please see schedule 30-PBB in the FY 2006 Operating Appendices volume.